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SUBJECT: MEDIA REACTION: U.S.-CHINA RELATIONS, CARBON TARIFF,  
AFGHANISTAN, CHINA POLICY

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Editorial Quotes  
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11. U.S.-CHINA RELATIONS

"Calmly deal with trade protectionism"

The official Communist Party People's Daily (Renmin Ribao) (01/07)(pg 3): "Some countries' protectionist measures have added more difficulty to the global economic recovery. Unfortunately, following the financial crisis, some countries seem to have forgotten the lessons history has taught us. These countries try to pursue short term economic interests at the cost of free trade. History will prove once again that beg-thy-neighbor policies are not wise. What's more, developing countries are the main victims in this round of trade protectionism. Therefore developing countries should continue to take firm stands when promoting free trade and opposing trade protectionism. They should also be prepared to fight a long-lasting war, in which under different circumstances flexible strategies and calmness will be needed, to face a more complicated international trade situation."

12. CARBON TARIFF

"A carbon tariff is an attack"

Guangdong 21st Century Publishing Company Ltd.'s business newspaper 21st Century Business Herald (21Shiji Jingji Baodao)(01/07)(pg 3): "According to the World Bank's research report, if carbon tariffs are fully implemented, products 'Made In China' will face carbon tariffs, in average in the international markets, up to 26%. China's export volume will thus slide down by 21%. Once the European Union launches these carbon tariffs and China and other member states object, disputes will occur. As a result, related proceedings will resort to the WTO's dispute settlement mechanism. The ruling will then be made by a panel composed of independent trade experts and lawyers. The panel may either endorse the carbon tariff as legal according to the Article 20, as the EU believes, or find it illegal since it could be seen as a means to compensate for the loss of domestic enterprises rather than address climate change. However, there aren't any panels that have processed carbon tariff trade disputes, thus its legality is still in question. It is likely that the EU will choose to achieve emission reductions goals of 30% rather than 20%. Under such circumstances, the EU is likely to adopt carbon tariffs to increase its negotiation chip and urge a larger devotion from other countries in emission reductions. However, the EU is also well aware that once carbon tariffs are implemented, a trade war may be started. As Chinese Ambassador to the WTO Sun Zhenyu has said, the carbon tariff has changed efforts to address climate change into a trade war."

13. AFGHANISTAN

"China could step into Afghanistan through the Shanghai Cooperation Organization"

The official Communist Party international news publication Global Times (Huanqiu Shibao)(01/07)(pg 14): "A continuously chaotic situation in Afghanistan will surely influence China's national interests. Therefore, China should take more initiative in Afghanistan and play a more constructive role. It is an issue concerning China's neighboring strategy and its international image.

China could depend on international cooperation in order to achieve their goals, like the Shanghai Cooperation Organization, the UN, the Asian Development Bank and others. Besides, China could make an active effort to realize the reconciliation of various political parties inside Afghanistan. In this way, China, acting as a coordinator and a host for the negotiation, will be able to win the support of the Afghan people and neighboring countries. What's more, by choosing relatively stable and friendly regions, continuous economic investment could be made in Afghanistan. Finally, China could create more opportunities for Afghan young people to come to China to study. In conclusion, it is a good thing for China to step into the Afghanistan peace and reconstruction process, but instead of sending military troops, China should involve itself through non-military means and assistance."

#### 4. CHINA POLICY

"China provides answers to the international financial crisis"

The official Communist Party People's Daily (Renmin Ribao)(01/05)(pg 1,2): "China performed unbelievably well during the international financial crisis of 2009. Within just one year after the crisis occurred, China's economy began to recover. Now, China is acting as a new growth engine for the world economy should it bottom out. China's contribution to global economic growth in 2009 will exceed

BEIJING 00000028 002 OF 002

50 percent, since the end of World War II the world has been on one economic pattern, this is a new global economic trend. What enabled China to sustain this 'impossible miracle?' The truth is, China prepared early for the challenges. As early as August 2007, Chinese leader Hu Jintao urged the country to strengthen its monitoring and early warning system for national economic security, as well as enhance the capacity of the financial sector to resist the risks in economic globalization. China's strength comes from the ruling party's decisiveness, the institutions' support capacity and the guidance of theories. Even if China has summoned all hands on deck to boost economic growth, it still made great efforts to improve the living standards of the people; the harder the economic circumstance, the more important the livelihood of the people. Therefore, China has duly undertaken its international responsibility and obligation, actively taken part in international cooperation to fight the crisis, promoted reform of the international financial system and coordinated its macroeconomic policies with other economies. The institutional defects of capitalism have been fully exposed as neo-liberalism that has come to a dead end amid the financial crisis. China, when pushed to a crossroads, has demonstrated its national capability to meet challenges with a superior system of socialism with Chinese characteristics. [NB: This article was featured on CCTV's Tuesday news. The author 'Ren Zhongping' is in fact an abbreviation of Renmin ribao zhongyao pinglun (important commentary from People's Daily)."

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